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AMEMBASSY NEW DELHI PRIORITY
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY

S E C R E T STATE 049730

E.O. 12958: DECL: 05/09/2033
TAGS: [PARM](#) [PREL](#) [ETTC](#) [MTCRE](#) [KSCA](#) [IN](#) [IR](#)

SUBJECT: FOLLOWING-UP WITH INDIA ON THE NICKUNJ GRAPHITE CASE (S)

REF: A. 07 STATE 141892
[B.](#) 07 STATE 158831
[C.](#) 07 NEW DELHI 5058
[D.](#) 07 NEW DELHI 5107
[E.](#) 07 STATE 167377
[F.](#) 07 NEW DELHI 5333
[G.](#) LOWE E-MAIL (JAN 02 2008)
[H.](#) STATE 023763
[I.](#) TIMES OF INDIA ARTICLE - 22 APRIL 2008

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS 1.4
(B), (D).

[1.](#) (U) This is an action request. Please see paragraph 6.

[2.](#) (S) Background: In October 2007, we shared with Indian officials information indicating that India's Nickunj Eximp Enterprises had offered French-origin, MTCR-controlled graphite blocks to Iran's Ward Commercial Company (Ref A). Ward had previously been involved in the procurement of items on behalf of the Shahid Hemmat Industrial Group (SHIG - Iran's primary liquid propellant ballistic missile developer).

[3.](#) (S) In November, we advised the GOI that Nickunj was working to ship additional consignments of graphite to Ward, that Indian officials were holding a shipment of potentially nuclear-grade graphite blocks at the international airport in Mumbai, and that Nickunj was readying follow-on shipments of graphite for Ward (Ref B). In December, we shared with the GOI information indicating that four to five tons of graphite being readied at a Nickunj warehouse for shipment to Ward had been moved from that location (Ref E). This graphite - like the shipment at the Mumbai airport - had been placed on hold by Indian authorities, preventing its onward shipment. Indian authorities advised us that they had not cleared the graphite shipment for export because its investigation was not yet complete, and that they were working to locate the missing graphite (Ref F). As of early January, the GOI informed us that none of the graphite had shipped, and that India was taking unspecified action on the case (Ref G). (Note: In March 2008, we learned that a SHIG-affiliated entity - Sahand Aluminum Parts Industrial Company (SAPICO) - was the intended end-user of this graphite. This information was shared with Indian officials. (Ref H) End note.)

[4.](#) (U) On April 22, the Times of India (TOI) in an article entitled "Mumbai Firm in Dock" reported that in October 2007, Indian Customs in Mumbai prevented Nickunj from shipping 1,150 kg of graphite to Ward, and that a second consignment of Nickunj graphite bound for Dubai was subsequently stopped (Ref I). According to the TOI, Indian experts confirmed that this was nuclear-grade graphite, the export of which to Iran is prohibited by Indian law.

[5.](#) (S) Objectives: We now want to follow-up with Indian officials on this case, and request information concerning the conditions of the impoundment of the

graphite. We also want to ask if the second seized consignment of graphite (ostensibly destined for Dubai, according to the TOI article) could be linked to the four to five tons of graphite that reportedly went missing from the Nickunj warehouse. In addition, we want to advise the GOI that although the TOI article indicated that the intended destination of the second seized consignment was Dubai, proliferators have been known to use false shipping labels and other fraudulent documentation in order to avoid scrutiny, circumvent export controls, and engage in proscribed trade. Finally, we want to urge Indian authorities to remain vigilant against ongoing attempts by Nickunj and others to secure the release of this material for onward shipment to Iran.

16. (U) Action Request: Department requests Embassy New Delhi approach appropriate host government officials to deliver the talking points in Paragraph 7 and report response. Talking points may be left as a non-paper.

17. (S) Begin talking points/non-paper:

(SECRET REL INDIA)

-- We would like to follow-up on a matter of potential proliferation concern we discussed with you previously.

-- In October 2007, we shared information with you indicating that in July 2007, the Indian company Nickunj Eximp Enterprises Pvt. Ltd. offered to provide 255 blocks of French-origin high density graphite to Iran's Ward Commercial Company.

-- Ward Commercial Company has previously worked to procure items on behalf of Iran's liquid-fueled ballistic missile developer, the Shahid Hemmat Industrial Group (SHIG), an entity designated in UN Security Council Resolution 1737.

-- On November 20, we expressed our concerns that Nickunj was working to ship additional consignments of graphite to Ward, and that we were aware that Indian officials were holding a shipment of potentially nuclear-grade graphite blocks in the Mumbai Air Cargo Complex near the international terminal.

-- We also advised you that Nickunj was likely readying additional graphite shipments to Iran.

-- We were pleased to hear on November 21 that your government had prevented the onward shipment to Iran of the graphite being held at the Mumbai Air Cargo Complex Terminal, and that you were investigating this matter.

-- In December 2007, we informed you that four to five tons of graphite being readied for shipment to Ward had been removed from Nickunj's warehouse.

-- You subsequently informed us that your government had not cleared the graphite shipment for export because your investigation was not yet complete, and that the graphite had likely been moved to a location where it could be stored for a longer period of time.

-- In early January 2008, your government advised the U.S. Embassy in New Delhi that nothing had gone to the final destination, and that your government had taken unspecified action on the case.

-- In March we shared information identifying the intended end-user of the graphite as the Sahand Aluminum Parts Industrial Company (SAPICO), a cover name for SHIG.

-- We now would like to discuss recent developments in this case.

-- On April 22, the Times of India (TOI) reported that in October 2007, Indian Customs in Mumbai prevented Nickunj from shipping 1,150 kg of graphite to Ward, and that a second consignment of Nickunj graphite bound for Dubai was subsequently stopped.

-- The article also noted that Indian experts confirmed that this was nuclear-grade graphite, the export of which to Iran is prohibited by Indian law.

-- We commend Indian authorities for stopping these shipments, and would like to inquire about the status of the impounded graphite and what measures your government is taking to ensure that it is not released to Nickunj for onward shipment to Iran.

-- In addition, we are concerned that the second seized consignment of graphite mentioned in the TOI article (which the TOI indicated was destined for Dubai) is linked with the four to five tons of graphite that went missing from the Nickunj warehouse. Are you aware of any such linkage?

-- We also want to raise the possibility that the graphite that was ostensibly destined for Dubai could actually have been intended for Iran. Proliferators have been known to use false shipping labels and other fraudulent documentation in order to avoid scrutiny, circumvent export controls, and engage in proscribed trade.

-- We appreciate your continued vigilance to thwart ongoing attempts by Nickunj and others to secure the release of this material for onward shipment to Iran.

-- We greatly appreciate your cooperation in the matter, and the measures your government has taken thus far to prevent this graphite from being supplied to Iran - and to Iran's ballistic missile program in particular. We would welcome any additional information you could share with us related to your investigation of this case and to any legal developments that may ensue.

End talking points/non-paper.

18. (U) Washington POC is ISN/MTR John Paul Herrmann (Phone: 202-647-1430). Please slug any reporting on this issue for ISN and SCA.

19. (U) A word version of this document will be posted at www.state.sgov.gov/demarche.
RICE

NNNN

End Cable Text